

South's institutional investors silent on coal ash risks

As the Environmental Protection Agency considers how best to regulate the disposal of toxic coal ash, a group of institutional investors representing over \$240 billion in assets has sent a letter urging the agency to adopt strict rules to protect not only the environment and public health but also shareholders.

However, investors in the South -- a region that's both heavily dependent on coal power and disproportionately impacted by poorly regulated coal ash disposal -- have proven reluctant to speak out.

"Unfortunately, none of the investors that signed onto the letter are from the South," reports Emily Stone, a shareholder advocate with Green Century Capital Management, an investment advisory firm that organized the letter along with **As You Sow**, a group that promotes socially responsible investing. "Most are from the Midwest, Northeast and West Coast."

The signers include the Connecticut State Treasurer's Office, New York State Comptroller Thomas DiNapoli, and Oregon Treasurer Ted Wheeler.

The letter was sent to the EPA on Sept. 15, one day after the agency held a public hearing in Charlotte, N.C. on coal ash regulations. The EPA is considering two basic oversight alternatives: regulating coal ash more stringently under the federal Resource Conservation and Recovery Act's Subtitle C, which would treat it as a special hazardous waste, or regulating it more loosely under RCRA Subtitle D, which governs nonhazardous waste.

The investors' letter called on the EPA to adopt the tougher Subtitle C option.

"The catastrophic coal ash spill at the Tennessee Valley Authority (TVA) pond in December 2008 demonstrated that current regulations are not enough to mitigate environmental and financial risk for utilities and their shareholders," the letter stated.

The investors' action follows the filing of shareholder resolutions during the 2010 proxy season seeking better disclosure on how companies are reducing risks associated with coal ash. Resolutions were filed at five utilities including the Atlanta-based Southern Company and went to a vote there as well as at North Dakota-based MDU Resources and Michigan's CMS Energy. The Southern Company resolution received the smallest portion of shareholder support at 21 percent.

An independent corporation owned by the federal government, TVA faces over \$1 billion in cleanup costs following the catastrophic collapse of an impoundment at its Kingston power plant in eastern Tennessee, an incident that released a billion gallons of toxic waste onto a nearby community and into the Emory River. The company also faces dozens of lawsuits related to the December 2008 disaster.

The investors who signed the letter say the financial assurance requirement in the EPA's proposed regulations would help shareholders better understand the financial risks associated with coal ash, a byproduct of burning coal that contains toxic heavy metals as well as radioactive contaminants.

"Beyond the TVA spill, the disastrous oil well blowout in the Gulf of Mexico demonstrates that unforeseen accidents can occur that create unpredictably large environmental and financial risk for energy companies," the letter states. "We believe it is critical that utilities be required to assure shareholders and the public that they are financially prepared to manage the costs associated with a catastrophic coal ash spill or other ash-related events that could require significant clean up costs."

For a full list of the letter's signatories, click [here](#).